

# FACTS ABOUT HB 6594, Low Wage Workers and Non-Compete Clauses

Non-compete clauses have traditionally been used to protect trade secrets and were linked with highly compensated managerial and executive employees. Unfortunately, non-compete clauses are now widespread and are shifting to affect all workers - including those with low wages.

***35% of those without a college degree report having signed a noncompete agreement (see Center for American Progress, 2019).***

**Employees working as home health care workers, housecleaners, food service staff, or caretakers in group homes or nursing facilities, do not have the same specialized training as salaried employees but are being asked to sign non-compete agreements as part of the hiring process.**

***These workers are unlikely to possess sensitive information or have access to trade secrets.***

States continue to limit or ban the use of non-compete clauses. At least 27 states have enacted some limitations ranging from completely banning them, to banning them for low wage workers, to banning them if deemed overly broad.

State common law generally characterizes non-competes as subject to greater scrutiny than other employment practices due to placing employees in disadvantageous bargaining positions at the time of contracting and hardship at the time of enforcement.

In January of 2023, the Federal Trade Commission proposed a new rule to ban the imposition of noncompetes after finding that they violate Section 5 of the FTC Act by constituting an unfair method of competition.

**By doing this, the FTC estimates that career opportunities will expand for about 30 million workers and help close gender and racial wage gaps by 3.6 to 9.1%.**

**Importantly, the potential for federal action does not make enactment of state legislation moot. Even if passed, enactment of a federal rule is not only time consuming but will most likely be subject to extensive legal and Congressional challenges to its implementation.**

**CT should prohibit non-compete clauses for low wage employees and ensure their access to job mobility and career development.**

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